ALASKA ECONOMIC TRENDS

May 1992

FORECAST:

STATEWIDE

ANCHORAGE

FAIRBANKS

YEAR IN REVIEW:
SLOWER GROWTH IN 1991

ALASKA'S EMPLOYMENT SCENE
JOBS RISE, UNEMPLOYMENT FALLS

ALASKA DEPARTMENT OF LABOR
WALTER J. HICKEL, GOVERNOR

ALASKA ECONOMIC

TRENDS

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Slower Growth in 1991

by John Boucher, Neal Fried, Holly Stinson

Following two years of strong employment growth, Alaska's economy posted a moderate 2.1% rate of employment growth in 1991. Considering the optimism prevalent earlier in the year, a 2.1% employment growth rate for 1991 might appear disappointing. The 1991 employment growth rate, however, came close to the 3.0% growth forecast in last May's issue of *Alaska Economic Trends*. While 1991's growth rate seems paltry compared to the 10,000+ job gains of 1989 and 1990, sustained growth at the pace of the last two years was not expected.

Nearly 5,000 more jobs in 1991

Led by strong performances in the transportation and seafood processing industries, statewide nonagricultural wage and salary employment grew by 4,900 jobs in 1991. Seafood processing employment grew at nearly a 15% clip, largely on continued growth in Southwest Alaska. Southwestern Alaska is experiencing a boom, caused by fish and shellfish harvesting in the region.

Transportation employment grew 5.8%, the second-fastest industry employment growth rate in 1991. Transportation surged on the strength of a broad-based expansion. Despite the loss of international airline traffic, increased freight traffic and a domestic carrier expansion boosted air transportation employment. A gradual expansion of staff at Alyeska Pipeline Service company added to transportation growth in 1991. Two sectors of the transportation industry, utilities and communications, got an employment boost fueled by population growth.

Real estate rebound boosts financial sector

The rebound in Alaska's housing market from the lows of the recession took hold in the employment numbers of the finance-insurance and real estate (FIRE) sector during 1991. Banking employment posted slight gains reflecting the record profits that major lending institutions posted. While lenders contributed some growth, real estate operators, agents and property management firms provided the biggest employment surge in FIRE.

Mining, construction ride oil price rollercoaster

Mining and construction employment, the fastest growing industries in 1990, experienced no significant growth in 1991. In January, high oil prices driven by the Gulf War pressed the oil & gas industry to record production levels. State budget projections indicated a huge wind-

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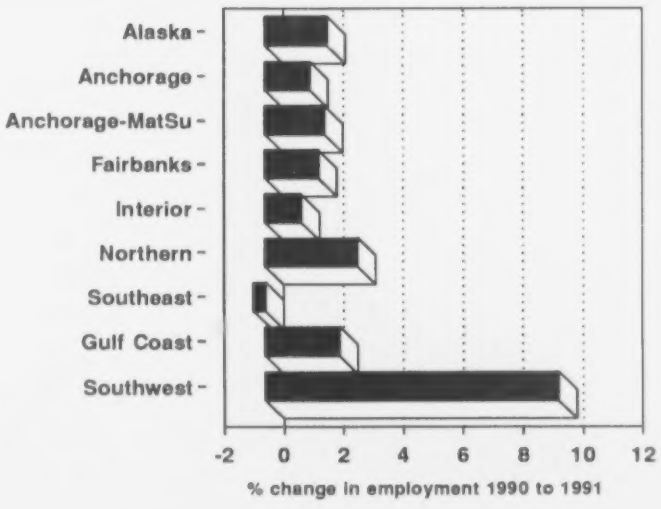
Figure • 1

Employment Growth Moderates in 1991



Source: Alaska Department of Labor, Research and Analysis Section.

Table • 1

Nonagricultural Wage and Salary Employment by Place of Work

ALASKA

	1990	1991	Change	Percent Change
Total Nonag. Wage & Salary	238,100	243,000	4,900	2.1
Goods-producing	39,200	40,500	1,300	3.3
Mining	11,500	11,800	300	2.6
Construction	10,500	10,500	0	0.0
Manufacturing	17,200	18,200	1,000	5.8
Durable Goods	3,900	3,400	-500	-12.8
Lumber & Wood Products	3,100	2,600	-500	-16.1
Nondurable Goods	13,300	14,800	1,500	11.3
Seafood Processing	9,500	10,900	1,400	14.7
Pulp Mills	900	900	0	0.0
Service-producing	198,900	202,600	3,700	1.9
Transportation	20,600	21,800	1,200	5.8
Trucking & Warehousing	2,600	2,800	200	7.7
Water Transportation	1,400	1,500	100	7.1
Air Transportation	6,700	7,000	300	4.5
Communications	3,300	3,500	200	6.1
Trade	46,000	46,900	900	2.0
Wholesale Trade	8,100	7,800	-300	-3.7
Retail Trade	37,900	39,100	1,200	3.2
Gen. Merch. & Apparel	5,900	6,200	300	5.1
Food Stores	6,600	7,000	400	6.1
Eating & Drinking Places	13,200	13,400	200	1.5
Finance-Ins. & Real Estate	10,300	10,700	400	3.9
Services & Misc.	50,900	51,800	900	1.8
Hotels & Lodging Places	5,500	5,500	0	0.0
Health Services	10,500	11,100	600	5.7
Government	71,000	71,400	400	0.6
Federal	18,700	18,900	200	1.1
State	21,500	21,200	-300	-1.4
Local	30,800	31,300	500	1.6

Source: Alaska Department of Labor, Research and Analysis Section.

fall was on the way, the surplus earmarked for capital projects. Buoyed by high expectations, the mood in these two industries was optimistic. By mid-year high oil prices and the projected windfall vanished. At year's end ARCO & British Petroleum announced consolidations and layoffs in their oil field operations, and state budget projections showed a deficit. The result was little or no employment growth in these industries.

Mining and construction weren't the only industries to experience slower growth. The services and trade sectors dropped off significantly from their 1990 growth pace. Mixed news characterized these two industries. Retail openings in Fairbanks boosted trade employment, while the loss of international passengers in Anchorage hurt the industry. Food stores flourished, but car dealers posted employment losses. In services, most industries went sideways with the exception of health care services employment.

Government employment growth also slowed in 1991. Surprisingly, federal government employment posted a slight gain. Temporary federal employment on the census boosted employment in 1990, setting up expectations for an employment drop in 1991. Instead, increased personnel at post exchanges and more Federal Aviation Administration personnel offset lost census employment. Meanwhile, local governments added education-related personnel to handle growing school enrollments. State government employment dropped off slightly.

Wood products industry largest job loser

The wood products industry lost the most employment during 1991. Sawmill closures in Seward, Haines and Klawock dropped wood products employment. Logging employment in Southeast Alaska also fell. Wholesale trade posted a job loss, primarily due to a major employer changing from the wholesale to retail trade category in January of 1991. Wholesale trade employment outside of this firm showed little employment change.

Anchorage: a mixed year in 1991

Similar to the state, Anchorage's economy burst off the starting blocks in 1991. As the year progressed, however, the economy showed signs of fatigue. Some Anchorage industries faltered, but a few kept up or exceeded 1990's pace. When the dust cleared, Anchorage managed to add 1,700 jobs to its employment base. This is a weak performance when compared to 1990, when 6,000 jobs were added. Compared to the economy's performance in much of the rest of the state or nation, however, it was not a bad accomplishment.

Some attribute the slowdown in the economy to the end of oil spill income circulating through the economy. This may offer a partial explanation. It does not explain, though, why oil industry employment began to fall at the end of the year, or why growth in business services began to fall off. Nor does it explain the performance of Anchorage's construction industry in 1991.

Table•1(cont.)

Nonagricultural Wage and Salary Employment by Place of Work

MUNICIPALITY OF ANCHORAGE

	1990	1991	Change	Percent Change
Total Nonag. Wage & Salary	111,400	113,100	1,700	1.5
Goods-producing	12,000	12,300	300	2.5
Mining	3,800	3,900	100	2.6
Construction	5,800	5,800	0	0.0
Manufacturing	2,400	2,600	200	8.3
Service-producing	99,400	100,800	1,400	1.4
Transportation	11,100	11,900	800	7.2
Communications	1,900	2,200	300	15.8
Trade	26,200	26,000	-200	-0.8
Wholesale Trade	5,900	5,700	-200	-3.4
Retail Trade	20,300	20,400	100	0.5
Food Stores	3,100	3,300	200	6.5
Finance-Ins. & Real Estate	6,500	6,600	100	1.5
Services & Misc.	28,800	28,900	100	0.3
Hotels & Lodging Places	2,500	2,400	-100	-4.0
Health Services	5,700	5,900	200	3.5
Government	26,900	27,400	500	1.9
Federal	10,500	10,600	100	1.0
State	7,700	7,900	200	2.6
Local	8,700	8,800	100	1.1

Notes: Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above have a different definition from those that appear in the Labor Force table.

Benchmark: March 1991. Subtotals may not add due to rounding.
Source: Alaska Department of Labor, Research & Analysis Section.

Retail trade and services weak

Anchorage's retail trade and service sectors put in a weak showing in 1991. These two industries, responsible for 64% of Anchorage's private sector employment, showed essentially no growth in 1991. That may not sound astonishing but these two industries created 3,300 of the 6,000 new jobs in 1990. Historically they have been the city's largest employment generator. Without the contribution of these industries, it was tough for the economy to grow.

There are a number of reasons for the weak performance of services and retail trade. Income growth was weaker in 1991. Basic sector growth was sluggish. It is also conceivable that the surge during the previous two years overextended the industries and some regrouping was taking place. Fewer oil spill dollars circulating in the economy may have been another factor. Their lackluster performance, though, was curious in light of the fact that Anchorage's population grew by 11,569 residents in 1991—usually an important stimulus to these industries. And tourism, another major benefactor to retail trade and services, enjoyed a good year in 1991.

Some of retail trade's weakest segments were general merchandise and miscellaneous trade—which includes both the larger department and variety stores and hundreds of smaller merchants. One hit came from the loss of the international passenger air traffic. Duty Free Shoppers alone lost more than 100 employees. Another weak link in retail trade remains the eating and drinking sector. They also took a big hit from the loss of the international carriers, when a number of caterers lost their contracts. Even if this slice of business is excluded, the eating and drinking sector remains a particularly weak part of retail trade. Food stores was one of the few areas of retail trade that continued to rack up healthy gains.

The employment picture in services was mixed. Health services grew by 3.5%. Engineering services also remained relatively robust. This may be a sign that construction activity will remain at healthy levels in the near term. Services' most dynamic sectors, business and legal services, actually lost some ground. Most other segments of the service industry were lackluster at best.

Oil patch ends year on a sour note

The year began exuberantly for the oil industry. Oil prices were high. The industry had two solid years of growth behind it. Oil service companies were busy with enhanced oil recovery activities, exploration, drilling and a surge of maintenance activity. However, by the end of the year the news in the oil patch began turning negative. ARCO announced that consolidation efforts would trim their work force. By the last quarter of the year oil industry employment was down. Other oil industry employers such as Alyeska and BP announced work force trimming that would affect future employment levels. Oil prices fell to $15/barrel at the end of the year. By year-end the mood had turned gloomy in the oil patch.

Construction had respectable season

According to employment statistics, the construction industry in Anchorage travelled sideways in 1991. This would be a disappointment if taken at face value because expectations were higher. Local activity did increase as anticipated in 1991. Construction valuation figures for Anchorage increased from $147 million in 1990 to $198 million in 1991. On the residential side, activity picked up significantly. In 1991, 635 permits for housing units were issued compared to 396 in 1990.

Anchorage construction employment figures are clouded because many Anchorage-based contractors who performed work elsewhere in the state often count their employees in Anchorage. These construction jobs probably fell some in 1991, masking the increase in the construction taking place in Anchorage.

Some of the larger projects in the Anchorage area in 1991 were the four-lane widening of the Glenn Highway, the start of a Veterans Medical Center, a new Alaska Railroad headquarters and a new hotel. The latter two projects represent the largest resurgence in commercial activity in more than five years.

Air transportation strong

Transportation, communication and utilities enjoyed strong growth in 1991. The trucking and air transportation portions of this industry were particularly strong. Both of these sectors benefitted from expansion by Federal Express and United Parcel Service. Growth in other international cargo activity also helped. Some growth in local and other domestic carriers contributed to air transportation's growth in 1991. Not all was positive, however. Anchorage continued to lose international air carriers—a significant blow to Anchorage's economy. Most of these losses, however, were felt in retail trade and services, not air transportation.

Anchorage finance sector grew for first time in six years

Anchorage's financial sector was one of the chief victims of the 1986 recession. That industry went through a period of unprecedented consolidation, finally landing on firm ground in 1991—the last industry to do so. After five years of employment losses, this sector actually grew in 1991. Nearly all of the state's financial institutions registered strong profits and in some cases record profits. Even Anchorage's newest entrant, Northrim Bank, posted its first in-the-black quarter after only a year in business.

The job market tough in 1991

Not much good can be said for the Anchorage job market in 1991. After back to back years of near record low unemployment rates, 1991's unemployment rate climbed to 8.5%, an increase of one and a half points. The number of unemployed grew from 18,000 in 1990 to 22,000 in 1991. All talk of labor shortages disappeared and instead employers were often inundated by job seekers. The combined inches of Help Wanted columns in Anchorage's two newspapers fell by 26% in 1991. The reason for this rapid change was simple. The number of job seekers grew rapidly at the same time that the job growth declined. The number of job seekers grew because many of the victims of the national recession headed to Anchorage to seek employment. The rate of employment growth slowed because the local economy turned sluggish.

Another year of modest growth in Fairbanks

Employment in the Fairbanks North Star Borough grew at a rate similar to Anchorage, 1.8%. Not all industries, however, contributed to Fairbanks' net gain of 500 jobs in 1991. Mining and manufacturing jobs stagnated at their 1990 levels, while construction, not unexpectedly, lost some ground.

Exploration at the Fort Knox mining project was well below 1990 efforts, but other, smaller mining ventures managed to make up for the missing Fort Knox jobs. Amax Gold purchased Fort Knox in September and plans to develop it. This bodes well for future mining jobs in the Fairbanks area.

Fairbanks had fewer construction jobs in 1991. Construction at the University of Alaska and on several highway projects was not enough to offset the slowdown in military construction projects and the absence of pipeline repair jobs.

State government employment was also in decline in Fairbanks, losing 100 jobs on an annual average basis in education and 200 from other state agencies. A planned downsizing of state government through attrition and a constant (rather than inflation-adjusted) budget are the reasons for this decline.

Government jobs with federal and local agencies increased in 1991. On the federal side, an increase of 50 jobs over the year does not seem like much. However, there was an additional increase of 40 to replace the temporary census jobs of 1990 missing in 1991. Local government job growth was all in education, as record-setting school enrollments necessitated new staff at the Fairbanks North Star Borough school district.

Transportation jobs stayed even with 1990, except for the air sector which added 50 new jobs. MarkAir's maintenance facility, more international flights and additional service to the Northern and Interior regions all contributed to this job growth.

Wage and Salary Employment Change by Area 1990-1991

Municipality of Anchorage-Other	1990	1991	Change	Percent Change
Durable Goods	500	500	0	0.0
Nondurable Goods	1,900	2,100	200	10.5
Trucking & Warehousing	1,600	1,700	100	6.3
Water Transportation	300	300	0	0.0
Air Transportation	4,200	4,400	200	4.8
Gen. Merch. & Apparel	3,200	3,200	0	0.0
Eating & Drinking Places	7,700	7,500	-200	-2.6

Fairbanks North Star Borough				
Total Nonag. Wage & Salary	27,300	27,800	500	1.8
Goods-producing	2,250	2,150	-100	-4.4
Mining	200	200	0	0.0
Construction	1,450	1,350	-100	-6.9
Manufacturing	600	600	0	0.0
Service-producing	25,050	25,600	550	2.2
Transportation	2,000	2,050	50	2.5
Trucking & Warehousing	450	450	0	0.0
Air Transportation	450	500	50	11.1
Communications	300	300	0	0.0
Trade	5,950	6,400	450	7.6
Wholesale Trade	800	800	0	0.0
Retail Trade	5,200	5,650	450	8.7
Gen. Merch. & Apparel	600	700	100	16.7
Food Stores	800	800	0	0.0
Eating & Drinking Places	2,050	2,250	200	9.8
Finance-Ins. & Real Estate	900	1,000	100	11.1
Services & Misc.	6,200	6,250	50	0.8
Government	10,050	9,950	-100	-1.0
Federal	3,150	3,200	50	1.6
State	4,250	3,950	-300	-7.1
Local	2,700	2,800	100	3.7

Northern Region				
Total Nonag. Wage & Salary	14,600	15,050	450	3.1
Goods-producing	6,200	6,350	150	2.4
Mining	5,700	5,750	50	0.9
Service-producing	8,400	8,700	300	3.6
Government	4,400	4,400	0	0.0
Federal	300	300	0	0.0
State	350	350	0	0.0
Local	3,750	3,750	0	0.0

Southwest Region	1990	1991	Change	Percent Change
Total Nonag. Wage & Salary	15,300	16,800	1,500	9.8
Goods-producing	4,500	5,350	850	18.9
Seafood Processing	4,150	5,000	850	20.5
Service-producing	10,800	11,450	650	6.0
Government	6,150	6,300	150	2.4
Federal	1,250	1,350	100	8.0
State	550	550	0	0.0
Local	4,350	4,450	100	2.3

Gulf Coast Region				
Total Nonag. Wage & Salary	24,300	24,900	600	2.5
Goods-producing	6,900	7,200	300	4.3
Mining	1,150	1,250	100	8.7
Construction	1,050	1,050	0	0.0
Manufacturing	4,650	4,900	250	5.4
Seafood Processing	3,650	3,900	250	6.8
Service-producing	17,400	17,750	350	2.0
Transportation	2,050	2,100	50	2.4
Trade	4,050	4,150	100	2.5
Wholesale Trade	500	500	0	0.0
Retail Trade	3,550	3,650	100	2.8
Finance-Ins. & Real Estate	600	600	0	0.0
Services & Misc.	4,550	4,750	200	4.4
Government	6,200	6,150	-50	-0.8
Federal	600	600	0	0.0
State	1,950	1,850	-100	-5.1
Local	3,700	3,700	0	0.0

Southeast Region				
Total Nonag. Wage & Salary	33,850	33,700	-150	-0.4
Goods-producing	6,650	6,350	-300	-4.5
Mining	350	350	0	0.0
Construction	1,150	1,200	50	4.3
Manufacturing	5,150	4,800	-350	-6.8
Durable Goods	2,650	2,200	-450	-17.0
Lumber & Wood Products	2,550	2,100	-450	-17.6
Nondurable Goods	2,500	2,600	100	4.0
Seafood Processing	1,400	1,500	100	7.1
Pulp Mills	900	900	0	0.0
Service-producing	27,200	27,350	150	0.6
Transportation	2,650	2,650	0	0.0
Trade	5,450	5,550	100	1.8
Wholesale Trade	600	550	-50	-8.3
Retail Trade	4,850	5,000	150	3.1
Finance-Ins. & Real Estate	1,150	1,150	0	0.0
Services & Misc.	5,550	5,650	100	1.8
Government	12,400	12,350	-50	-0.4
Federal	2,100	2,050	-50	-2.4
State	5,600	5,500	-100	-1.8
Local	4,700	4,800	100	2.1

Prepared in part with funding from the Alaska State Employment Security Division.

Benchmark: March 1991

Subtotals may not add due to rounding. The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Source: Alaska Department of Labor, Research & Analysis Section.

The big growth industry in Fairbanks in 1991 was retail trade. Almost every retail category—except food stores—showed employment increases over 1990. With the civilian population of the Fairbanks North Star Borough at an all-time high, and an ever-increasing military population, it is not surprising to see Fairbanks' retail sector grow. Two new stores—Fred Meyer and Sears Roebuck—opened late in the year, so the full impact of these additional jobs won't register until 1992.

The industry with the most private employment, services, barely managed to eke out some growth in 1991. It is such a diverse group, however, that one must look at its' various components to get the whole story. Sectors enjoying job growth were business and health care services. All other services jobs declined from 1990 levels. Hotel employment remained virtually unchanged from 1990. However, ground was broken in 1991 for a new Princess hotel. Its 1993 opening will mean additional hotel jobs for Fairbanks.

Fish harvesting boom continued in Southwest

The Southwest region had by far the highest growth rate of any region in Alaska in 1991—almost 10%. The driving force behind this growth is the bottomfish industry. More than half of all new jobs in the region were in seafood processing, which grew an incredible 20%. Many of the additional seafood processing jobs are at new plants which opened in 1991 at Dutch Harbor.

Crab harvesting and processing is making a comeback. The opilio tanner crab harvest in the Bering Sea was twice the previous record; on the downside, that increased supply dropped prices from an average of 68 to 42 cents a pound.

The 1991 salmon season got off to a late start after a strike for higher prices by Bristol Bay fishermen. Any decline in salmon cannery employment, however, was masked by the increase in bottomfish processing jobs.

Most other new jobs in the Southwest region are in support of the fishing industry—an increased need for transportation, supplies at wholesale and retail outlets and services. Expansion in Unalaska in 1991, which was driven by the fishing boom, included a $15 million extension and improvement of the public dock and the start of a $50 million development project called Margaret's Bay. It will offer hotel rooms, retail and office space when completed.

A decent performance in the Gulf Coast region

The fishermen's strike that started in Bristol Bay spread to the Gulf Coast region in the summer of 1991. Unlike the Southwest region, the salmon strike impacted every part of the Gulf Coast region. This meant several hundred fewer seafood processing jobs in June compared to June 1990. The strike was over by early July, though, and the rest of the season registered job growth over 1990. A glut of pink salmon helped push the state's total catch to a record high. Gulf Coast areas dealt with the surplus of pink salmon by dumping some at sea, giving some away in local communities, and shipping some to the former Soviet Union. Unfortunately, low prices for pinks and reds meant that the record catch was not matched with record revenue. The number of salmon harvested statewide was about 16% above 1990 numbers, while revenue was estimated at 45% below 1990's. This impacted not only Gulf Coast communities but Southeast and Southwest fishing communities as well.

Additional bottomfish processing in the Gulf Coast region contributed to gains in seafood processing employment. One plant in Kodiak is basing an expansion on processing more pollock, while one in Cordova remained open past their usual fall shutdown to process cod.

On the negative side, another manufacturing industry in Gulf Coast lost 150 jobs when the Seward sawmill shut down in October. The owner, Chugach Alaska, is currently seeking a partner or buyer for the mill.

Although construction didn't add any new jobs, the fact that they didn't lose any was encouraging. This is because the completion of the Bradley Lake Hydroelectric project meant many construction jobs disappeared from the region in 1991. This project alone accounted for 250 jobs on an annual average basis, with peak summer employment close to 400. No single new project took over for the completed hydroelectric facility, but many smaller ones helped keep construction employment steady. These included new facilities at Kodiak's Coast Guard base and several construction projects—both public and private—in the Kenai-Soldotna area.

Transportation, trade and services all managed to post some job gains in 1991. The only sector to show declines was in state government. While state education employment grew, the increase was not enough to offset losses in other state offices.

Oil and gas jobs in Cook Inlet boosted the mining industry in Gulf Coast. Unocal shut down one platform and Chevron closed their Nikiski refinery, but these closures translated into few job losses. On the plus side, ARCO and Stewart Petroleum both announced oil discoveries in Cook Inlet and plans for future exploration. Chevron is also drilling an exploratory well in the area.

Northern region starts out strong, ends on a weak note

Although this region's oil and gas employment is more than four times larger than the Kenai Peninsula's, job growth was anemic in 1991—only half that seen on the Kenai. This comes, however, after a year of strong growth (the industry added 600 jobs in 1990).

Growth in other industries allowed this region to post the second-highest growth rate in 1991, behind Southwest. Employment gains in construction and services led the growth in the private sector, while the public sector was static.

Layoffs by the major oil producers, made late in 1991, won't register their full impact on employment statistics until 1992. Oil field services, though, suffered losses in the last half of 1991. In fact, any job gains were made in the first half of the year. For illustration, a 6-month average for the first half of 1991 shows an 11% job increase from 1990, while the last six months shows an 8% job decline.

Activity in the oilfields isn't all captured in mining employment statistics since many oilfield jobs are counted in the construction, transportation and services industries. All of these industries registered gains in 1991.

Other jobs in the Northern region's mining industry include gold activity in the Nome area and the Red Dog lead and zinc mine in the Northwest Arctic Borough. One huge gold dredge which operated in Nome was absent in 1991. Facing falling zinc prices, the Red Dog mine cut some jobs to increase efficiency. In spite of these losses, mining employment stayed at 1990 levels.

Southeast buffeted by timber industry's poor performance

The only region to suffer job losses from the previous year was Southeast. The region shares many similarities with other areas of the state. Oil revenues provide many state and local government jobs, tourism is big business, and the fishing industry accounts for many jobs, although it is far less important as a percentage of total employment than in the Gulf Coast or Southwest regions.

The big difference in Southeast's economy is the presence of a large wood products industry. Three years ago this industry employed one of every five workers in Southeast's private sector. This industry's importance in Southeast's economy, however, has been shrinking. Weaker demand kept prices low and the supply of available timber in Southeast continued to dwindle. Employment losses in wood products is what put Southeast on the negative side of the job ledger in 1991.

Losses in one industry spread and affected other industries, also. In fact, construction, retail trade, services and seafood processing were the only industries showing any job growth in Southeast. A good tourism year accounts for some of their success. Their relatively small gains were not enough, though, to compensate for the losses in wood products.

Losses were not confined to the private sector, either. As in most regions of Alaska, Southeast saw a drop in state government jobs in 1991, while local government jobs—in education —increased.

Slower growth summarizes '91

In 1991 Alaska's economy posted a moderate 2.1% employment growth rate. This performance is weaker compared to 1989 and 1990- but those were exceptionally good years. Seafood processors, primarily in Southwest Alaska, added the most new jobs to Alaska's economy, followed by transportation firms. Most other sectors of the economy posted slight employment gains, the lone exception was the wood products industry which lost employment. Overall, the brakes were put on Alaska's economy in 1991, but the result was a slowdown rather than a full stop.

ALASKA FORECAST: 1992-93

Slow Growth to Continue

by John Boucher

Following 6.5% employment growth in 1989 and a 4.9% job gain in 1990 Alaska's economy posted a moderate 2.1% employment growth rate in 1991. Lower oil prices, a struggling timber industry and lackluster growth in trade and services employment combined to apply the brakes to Alaska's employment growth in 1991.

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The employment forecast for 1992 and 1993 reflects recent history. The 2.1% employment growth rate in 1991 established a three-year pattern of slower growth. The forecast for 1992 and 1993 recognizes that pattern. Unfortunately, recognition of the recent employment growth pattern required asking a troublesome question. Given the downward trend in employment, will job growth be sustained through 1993? In the final analysis, the conclusion was that Alaska's economy would post gains at an annual rate of less than 1% during the next two years- thanks to continued strength in the seafood processing industry and some expansion in the retail sector. (See Table 1 and Figure 1.)

One note of caution: Alaska's economic health is closely tied to the price of North Slope crude oil. This forecast places North Slope oil prices in the $15-$17/bbl. range for the forecast period. If prices are significantly different, especially on the downside, employment growth is unlikely to occur.

Oil industry tumbles mining

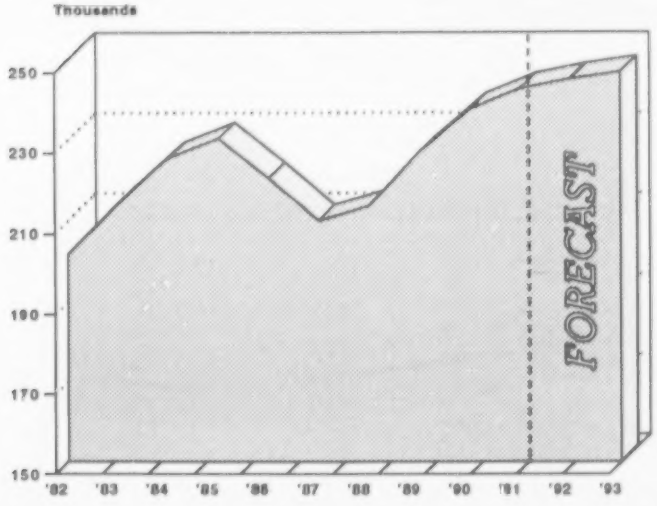
During the last quarter of 1991, Alaska's oil & gas industry underwent some significant changes. ARCO Alaska and British Petroleum, the two primary players on Alaska's North Slope, began to consolidate their operations; and, in turn, asking their contractors to also consolidate and cut costs. Entering 1992, the mood in the industry is somewhat troubled. For these reasons oil and gas industry employment is expected to decline during the next two years.

There is, however, some positive news on the oil industry front. Construction of GHX-II, a gas-handling facility that reinjects gas into the ground to boost oil production, will be in full swing in 1993. The Point McIntyre field will be brought on line during the forecast period, and there is a possibility of some new development in Cook Inlet.

Nearly nine out ten jobs in the mining industry are in the oil and gas sector. Therefore the direction mining industry employment takes depends on the fortunes of the oil industry. Potential employment gains also exist in the hard rock mining portion of the industry. The Kensington and AJ projects in the Juneau area are currently the best prospects for added employment in the mining industry. If the projects proceed, the employment added during the forecast period would predomi-

Figure • 1

Alaska
Annual Average Nonagricultural
Wage & Salary Employment 1982-1993



Source: Alaska Department of Labor, Research & Analysis Section.

Table • 1

Alaska Nonagricultural Wage & Salary Employment Forecast 1992-1993

	1990 Annual Average	1991 Annual Average	Percent Change 90-91	1992 Annual Average	Percent Change 91-92	1993 Annual Average	Percent Change 92-93
Nonag. Wage and Salary	238,100	243,000	2.1	244,900	0.8	246,300	0.6
Goods-producing	39,200	40,500	3.3	40,225	-0.7	40,700	1.2
Mining	11,500	11,800	2.6	10,750	-8.9	10,150	-5.6
Construction	10,500	10,500	0.0	10,525	0.2	10,850	3.1
Manufacturing	17,200	18,200	5.8	18,950	4.1	19,700	4.0
Seafood Processing	9,500	10,900	14.7	11,800	8.3	12,500	5.9
Lumber & Wood Products	3,100	2,600	-16.1	2,400	-7.7	2,450	2.1
Service-producing	198,900	202,600	1.9	204,675	1.0	205,600	0.5
Transportation	20,600	21,800	5.8	22,250	2.1	22,650	1.8
Trade	46,000	46,900	2.0	48,075	2.5	48,700	1.3
Wholesale Trade	8,100	7,800	-3.7	7,850	0.6	7,850	0.0
Retail Trade	37,900	39,100	3.2	39,950	2.2	40,850	2.3
Finance-Ins. & Real Estate	10,300	10,700	3.9	10,700	0.0	10,700	0.0
Services & Misc.	50,900	51,800	1.8	52,500	1.4	53,000	1.0
Government	71,000	71,400	0.6	71,150	-0.4	70,550	-0.8
Federal	18,700	18,900	1.1	18,900	0.0	18,850	-0.3
State	21,500	21,200	-1.4	20,750	-2.1	20,200	-2.7
Local	30,800	31,300	1.6	31,500	0.6	31,500	0.0

Source: Alaska Department of Labor, Research & Analysis Section.

nantly be in the construction industry. Increases in hard rock mining will probably occur just outside of the forecast period.

Construction has growth potential

A laundry list of major construction projects for the next two years points to a solid boost for construction employment. More federal highway money, GHX-II, new hospitals, potential strong growth in commercial retail space in Anchorage and new tourist facilities all bode well for the industry. On the other hand, impending budget cuts at the state and local government levels are likely to hit the construction industry first. Other negatives include how investors might view the economic slowdown and the projected declines in military construction. It's possible that some proposed construction, particularly additional retail space, will be a victim of a slower economic outlook. Overall, the forecast for construction looks for some employment gains during the next two years.

Seafood to boost manufacturing

During the last several years the bottomfish and shellfish harvest in Southwestern Alaska has boosted wintertime seafood processing employment to levels not seen since the king crab boom of the early 80s. The recent decision to allocate a significant portion of the total catch in the region to shore-based processors in 1992 will bolster seafood industry employment counts- particularly in the Kodiak area. While bottomfish is booming, the mainstay of Alaska's fishing industry, the salmon processors, were hurt by low prices last season. The tough season forced some processors to close. The good news is that the worst of a worldwide salmon glut may be over. Prices for some of Alaska's higher value salmon have recovered, although pink salmon prices are still low. The employment forecast assumes that the salmon processing portion of the industry will remain relatively constant during the next two years.

While Southwestern Alaska fisheries will add jobs to the manufacturing sector, Alaska's timber industry will continue to struggle. During 1991 three sawmills, employing more than 250 people, closed. Meanwhile the logging industry lost jobs due to depressed world timber markets, litigation tying up timber harvests and less available Native corporation timber. For 1992 there appears to be no relief in sight for the industry's job picture. By 1993 the timber industry should begin to recover as world markets firm up.

Transportation growth will abate

The transportation, communications and utilities sector was one of the fastest growing industries in 1991. A surging air transportation industry and a build-up of pipeline-related staff helped lead the growth. During the next two years a combination of factors will slow job growth in this industry. Additional staffing at Alyeska Pipeline is completed; pipeline-related employment will level off or possibly drop during the next two years.

The air transportation sector has been a big contributor to job growth in this industry, despite the loss of international passenger carriers in Anchorage. Air cargo carriers like Federal Express have been a key factor in this industry. Expansion of MarkAir into Seattle and other Southeast Alaska destinations added a significant amount to the air industry's job base late in 1991 and that should contribute to some growth in 1992.

The tourism-related portion of transportation employment, primarily bus tours and other ground transit, will contribute some growth during the next two years. The tourism industry has provided a constantly increasing boost to Alaska's economy, and no end to that trend is evident. Cruise ship bookings, a key tourism indicator, are ahead of last year's pace, but it's difficult to assess the strength of the season until mid-year. While the national recession concerns some tour operators, the current outlook for this season is promising.

In addition to air and ground transportation, the communications and utilities portion of the industry will experience some job growth, largely because these segments are driven by population trends.

Real estate market loses momentum

The finance-insurance and real estate industry (FIRE) grew in 1991 primarily because of a rebounding real estate market. The banking and insurance portion of the industry posted slight growth; the majority of additional employment was in real estate brokerages and property management firms. The outlook for this industry is for little or no growth the next two years. Real estate markets around the state have already slowed somewhat because of the slower economy.

Trade could boom; mixed prospects in services

Trade and services employment in Alaska should grow during the next two years- but the outlook for trade employment is currently a little better than the services industry. Trade and services accounted for nearly 100,000 jobs in 1991, spanning a wide variety of economic activity. Some segments of each will perform fairly well in terms of employment growth while other segments are expected to lose employment. For example, tourist-related trade employment, like gift shops, should perform fairly well. Food stores should also perform reasonably well despite the general slowdown. Retailers who depend upon discretionary income, like car dealerships and eating and drinking establishments, tend to be hit first by a slower economy. The outlook for the trade industry is also influenced by the plans of several major retailers to enter the Anchorage and Fairbanks markets during the next two years. If all or even some of these plans come to fruition, it will mean a significant addition to the state's retail trade industry.

On the services side, the outlook is a little less optimistic. The trendsetters for growth should be hotels and health care services. New hotels opening in Anchorage and Fairbanks catering to the booming tourist trade will boost hotel employment. On the other hand, some service sectors will struggle to maintain their current levels during the next two years. Legal services and professional services were suffering employment losses as 1991 ended and they will probably continue to do so over the next two years.

Federal growth small, military-related

Two factors were behind most of the federal government growth in 1991. The Federal Aviation Administration bolstered their presence in the state to beef up their inspection program. The other significant job addition was military-related. Civilian personnel were added to staff new facilities built to accommodate Alaska's expanding military population. During the next two years the only major change on the horizon for the federal government in Alaska will be the new Veterans Administration clinic in Anchorage. That will add a small amount of employment but isn't expected to significantly change the level of federal jobs in Alaska.

State, local governments struggle with budgets

Employment in Alaska's state government sector will decline during the next two years. Shrinking oil revenues are forcing state agencies and the university system to propose cutbacks for the fiscal year beginning in July.

Since local governments and school districts are either wholly or largely funded by state oil revenues, these

government entities are battling the same budget woes as state government managers. The problem for many school districts, particularly urban districts, is that school enrollment has been steadily growing due to in-migration and a growing school age population. The pressure to add facilities and teachers is tremendous. Demand for facilities is particularly acute in Anchorage, Fairbanks, the MatSu Borough and Juneau. The budget crunches in these areas have resulted in proposals for new schools as well as alternative solutions like year-round schools. It is this increasing school enrollment which will keep local government employment from falling during the next two years.

Summary: slower growth projected

Entering 1992, Alaska was on a roll of four straight years of wage and salary employment growth. That growth has slowly subsided and by the end of 1991 there were unsettling signs that employment could be headed for a drop. Overall there is enough positive momentum in Alaska's economy to project employment growth during the next two years. The continuing expansion of the bottomfish industry, tourist-related employment expansions in the transportation, trade and services industries, and a potential retail trade expansion should be enough to carry Alaskan employment to the positive side of the ledger in 1992 & 1993.

ANCHORAGE FORECAST: 1992-93

The Brakes Are On The Anchorage Economy

by Neal Fried

The strong economic recovery in Anchorage appears to be coming to a close. If this forecast proves accurate, the Anchorage economy will be fortunate to grow in 1992-1993. The economy began to lose steam in 1991 (see Review article). Then oil prices started downward. Low oil prices in turn are affecting the bottom lines of oil industry and state-funded activities. As headquarters of the state's oil industry and home to a large economic sector dependent on oil revenues, Anchorage is feeling the effects. Adding to the economic qualms is the fact that many perceive 1992 as the beginning of the slide in Alaska's oil production. The size of this decline may not be significant during the forecast horizon.

It is important to keep in mind that Anchorage is not saddled with a mono-economy driven by oil. The oil industry and oil revenues do, however, carry a disproportionate amount of economic punch in Anchorage's economy. Some industries will perform well during the next two years and others will hold their own.

The oil patch is anxious

After three years of strong recovery and record employment levels, employment in the oil patch softened in late 1991. This trend is forecast to continue during the next two years. Low oil prices, a bad year for profits, more attractive investment prospects elsewhere in the world and oil field maturation are all working against further employment growth in the industry. Exploration activity is falling to new lows. Both major operators in Alaska, British Petroleum and ARCO, have begun consolidation efforts to improve efficiency and cut costs. They are asking their contractors to do the same. Alyeska Pipeline recently announced they, too, will keep personnel costs down in anticipation of further oil production declines. Recently, BP announced it will cut its workforce by 420 over the next three years.

A number of sizeable projects should help stem what otherwise might be a more precipitous decline. ARCO announced they will be spending $351 million on a variety of capital projects in 1992—the same amount they spent in 1991. Point McIntyre is scheduled to come

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on line late in 1992, which will bring another 75 to 80 thousand barrels of oil per day into production. The Sunfish prospect in Cook Inlet also looks promising. The largest undertaking, installation of a $1.5 billion gas-handling project (known as GHX-II), will insure a healthy level of activity at Prudhoe Bay. The biggest beneficiary of the GHX-II project will be the construction industry. Approximately 500 jobs on an annual basis will be needed for the project in its peak year, 1993. The most important benefit of GHX-II is that it will help curb steep declines in oil production.

Construction outlook boosted by private sector

The most diverse mix of projects Anchorage has seen in many years will dominate the construction scene. There should be enough activity to sustain present levels during the next two years. The crown jewel (as one construction industry official called it) will be Seibu's $60-70 million Prince Hotel and new tramway in Girdwood. The labor-intensive construction phase of the hotel begins this April. One contractor estimates the project's work force will peak at 200 in 1993.

Another jewel expected to bring some luster to this industry will be the $100+ million Alaska Native Medical Center. Ground should be broken in late 1992 or early 1993; completion is set for 1995.

Another potential source of construction in Anchorage could come from the retail sector. If Costco, Pace, and Eagle Hardware follow through with their plans to build new stores, 1992 would be the busiest commercial season since 1985. According to expert retail-watchers, there are other major retail prospects on the drawing boards.

The Anchorage air transportation sector could also lend a helping hand to the construction industry. Alaska Airlines has plans to build a $40 million facility for jet maintenance, cargo and ground services. Federal Express hopes to build a $20 million 747 maintenance hanger.

On the residential side, most industry insiders expect to see the same or slightly fewer single family homes built as last year. Particularly bad oil-related news might spook the industry to lower levels. On the other hand, Anchorage's residential vacancy rates are at a near-record low and interest rates couldn't be much lower. The demand for housing could warrant more residential construction. One new twist in home construction is a possible increase in multi-family dwellings. Anchorage Neighborhood Housing has plans to build a 200-unit complex of low to moderate-income housing. This would be the largest addition of multifamily housing since 1986.

Except for the new Native Hospital, the public side of construction will not provide much stimulus. The state capital budget could well be smaller than last years. Highway construction in the Anchorage vicinity is not expected to be much different from recent years. The Glenn Highway four-lane project will continue at slightly lower levels in 1992 and then peak in 1993. The extra federal highway dollars the state is receiving will boost highway construction projects in the Kenai Peninsula and MatSu Boroughs. Although this activity will not

Figure • 1

Municipality of Anchorage
Annual Average Nonagricultural
Wage & Salary Employment 1982-1993

Source: Alaska Department of Labor, Research & Analysis Section.

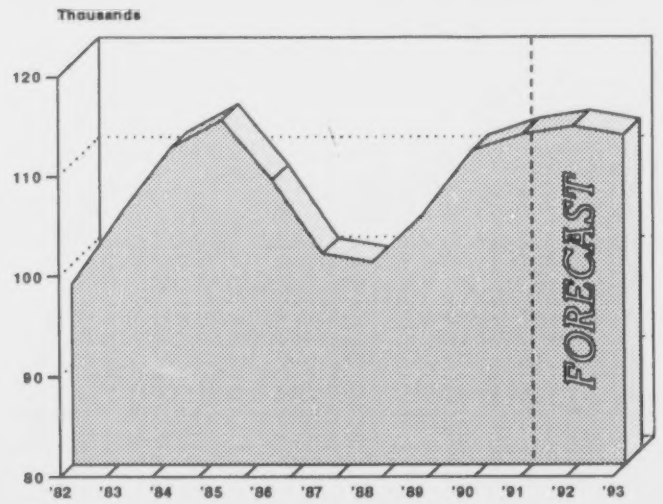


Table • 1

Municipality of Anchorage Nonagricultural Wage & Salary Employment Forecast 1992-1993

	1990 Annual Average	1991 Annual Average	Percent Change 90-91	1992 Annual Average	Percent Change 91-92	1993 Annual Average	Percent Change 92-93
Total Nonag. Wage & Salary	111,400	113,100	1.5	113,850	0.7	112,950	-0.8
Goods-producing	12,000	12,300	2.5	12,150	-1.2	11,700	-3.7
Mining	3,800	3,900	2.6	3,700	-5.1	3,500	-5.4
Construction	5,800	5,800	0.0	5,800	0.0	5,500	-5.2
Manufacturing	2,400	2,600	8.3	2,650	1.9	2,700	1.9
Service-producing	99,500	100,800	1.3	101,700	0.9	101,250	-0.4
Transportation	11,100	11,900	7.2	12,000	0.8	12,000	0.0
Trade	26,200	26,000	-0.8	26,300	1.2	26,500	0.8
Wholesale	5,900	5,700	-3.4	5,700	0.0	5,650	-0.9
Retail	20,300	20,400	0.5	20,600	1.0	20,850	1.2
Fire	6,500	6,600	1.5	6,750	2.3	6,700	-0.7
Services	28,800	28,900	0.3	29,200	1.0	28,800	-1.4
Government	26,900	27,400	1.9	27,450	0.2	27,250	-0.7
Federal	10,500	10,600	1.0	10,750	1.4	10,750	0.0
State	7,700	7,900	2.6	7,700	-2.5	7,500	-2.6
Local	8,700	8,800	1.1	9,000	2.3	9,000	0.0

Source: Alaska Department of Labor, Research & Analysis Section.

take place in Anchorage, it will benefit Anchorage contractors.

Air transportation's robust gains will moderate

Air transportation's strong performance of the past two years is forecast to moderate during the next two. The addition of Federal Express and United Parcel Service along with strong growth in domestic carriers fueled most of its past increase. Small additions from Federal Express and growth in air freight traffic could boost the industry a bit further. Federal Express did designate Anchorage as an airbase for 200 of its pilots. If the new Federal Express and Alaska Airlines facilities are built, the industry's employment may get a moderate boost. Another plus is that the loss of international passenger carrier traffic is now history for Anchorage.

Tourists expected to keep coming

If we believed the perennial reasons why or why not the number of Alaska's visitors were going to come to Alaska, we could say it was the most fickle of the state's industries. In spite of these ever- changing theories, tourism is one industry that does appear to grow every year.

The national recession concerns some operators, especially those who cater to the younger set. Others think the new hit television series, Northern Exposure, will bring record crowds. Because no war or terrorism has plagued Europe recently, still others feel Europe will be a bigger competitor for Alaska's tourists than in recent years. Others claim the Alaska Highway celebration, low gasoline prices and possibly low air fares should keep the visitors coming. The reasons go on as to why or why not the industry will grow. Most in the industry believe 1992 will be a repeat of last year's strong season.

Alaska's retailers and service industry will profit from this good fortune. Although retail trade is a major beneficiary of tourism, the forecast for Anchorage's retail sector will be sluggish. If total employment grows little or not at all, then income growth will do the same. This in turn usually means retail trade does not have much room to grow, and is the reason why only moderate growth is forecast for 1992.

It appears that retail employment could bump up in 1993 if Costco and Eagle Hardware make good on their plans to build new stores. If they do, another 350-400 full-time and part-time jobs would be added to retail trade. This does not account for other major retailers who are reported to be looking seriously at the Anchorage market. In the long run, these added workers would not all be a net increase in retail trade employment. Some retailers would lose ground to the new competitors and trim back their work forces.

The services industry is a diverse sector. It includes legal, health, business, engineering, social, personal and other services, and hotels; traditionally this industry has been one of the largest employment generators in An-

chorage's economy. This will not be the case during the next two years. Health services and hotel employment could grow moderately. The new Comfort Inn will boost hotel employment slightly. Most of the rest of the service sector began to slip in 1991 and is forecast to continue this trend in 1992.

Uncertain outlook for government jobs

During the next two years the public sector's track record of predictability will no longer exist. Not even the stalwart federal sector is as reliable as it once was. Employment in this sector is expected to grow moderately in 1992 and remain flat thereafter. The growth will come from the new Veterans Clinic, some possible growth in FAA and military-related personnel. Much of this growth, however, is already in place.

The biggest wild card for federal government employment is the military. The Fort Richardson closure scare of 1991 brought this to the forefront. At the present time the nation's military services are in the throes of downsizing their services by offering troops early outs with severance packages. If not enough soldiers sign up for this program, others will be forced out by year-end. How many troops will be affected in Anchorage or whether they will be replaced by other troops is unkown at this time. There is a chance that troop levels will suffer some and the number of civilians supporting them could experience a similar fate.

One countervailing trend to these reductions is that in 1991 Elmendorf AFB became home to a new F15E squadron with 1,038 military personnel and to the 11th Air Force Medical Center with 231 new medical personnel. Not all of these personnel have arrived yet. It is not clear how all of these changes will shake out when 1993 rolls around.

State government employment is looking the most uncertain. With looming budget deficits and talk about cutting the state budget, employment levels for state government are forecast to decline during the next two years. The means could be through attrition, early retirements, layoffs or any combination of the three. Most of these losses are expected to be on the non-education side of state government.

Local government will be dealing with similar restraints since Anchorage receives 17% of its operating funds from state government and the school district receives 70%. Employment is actually forecast to grow on the education side of local government because of a growing student population. Some of this growth is already in place for 1992. The city's level of employment will remain largely unchanged. Unlike state government, local government has the ability to raise revenues.

The job market will be dismal

This is not a difficult forecast to make because Anchorage's job market has already deteriorated significantly. The unemployment rate will rise. As already mentioned in the review article, there is not much of a chance the local job market will improve until the national employment picture improves, stemming the influx of job seekers. Neither will the sluggish local economy lend a hand. Anchorage's job market will be approaching gridlock during the forecast period. Those who already have jobs will hold onto them tenaciously and those looking for jobs will find it a daunting task.

Summary—a bumpy road for Anchorage's economy

Anchorage's economy is forecast to decelerate considerably in 1992 and suffer some losses in 1993. The overall slowdown in the economy, combined with lower oil prices, is putting the brakes on three years of a strong economic recovery.

Because of lower prices, oil producers are making efforts to consolidate and cut back staff. The fact that oil prices are low may mean large shortfalls in oil revenues.

Construction's outlook is good considering the oil picture. The private side of this industry is what is giving it some new life. Commercial and industrial construction may enjoy the best season since 1985. Residential and public construction are not likely to contribute to the industry's momentum.

Air transportation, which has been one of Anchorage's rising stars, is expected to make more moderate gains in the near future. Tourism is forecast to be one of the bright spots in Anchorage's economy. Retailers should profit from a strong tourism season but their gains will be moderate because of the sluggish economy. Retail trade could get a substantial boost in 1993. A number of large retailers have plans to open up shop in Anchorage.

The public sector's picture is mixed. Federal employment will grow slightly in 1992. In the longer run there is a large dose of uncertainty because of changes taking place in the military establishment. State government is forecast to decline moderately due to revenue shortfalls. Local government will increase slightly in response to growing school enrollments.

The job market will be the most competitive it has been in four years. The economy will be creating fewer new jobs as the number of job seekers continues to grow.

Fairbanks: Meager Job Growth Forecast

by Holly Stinson

Fairbanks wage and salary employment saw a modest increase in 1991, as did most areas of the state. The job picture in Fairbanks should look much the same in 1992-1993. The big difference is that the Fairbanks economy created 500 new jobs last year, and is forecast to add the same amount spread over the next two, rather than one, year. Last year's job gain wasn't enough to accomodate all the new entrants to the labor force. The unemployment rate for the Fairbanks North Star Borough climbed almost two percentage points to an annual average of 10.5%. With even slower job growth forecast, this trend of rising unemployment rates will likely continue unless the labor force shrinks.

Retail, services, transportation still growing

The sector projected to add more new jobs than any other is retail trade. The several hundred jobs created by new Sears Roebuck and Fred Meyer stores, which opened late in 1991, will show up in the 1992 job count. The forecast doesn't reflect their full impact on employment because of the as yet unknown effect on other retail operations. Another retailer—Pace Warehouses—is planning to open a new Fairbanks store in late 1992 with up to 170 employees.

Besides merchandisers, a sector of retail trade that enjoyed strong growth in 1991 was eating and drinking establishments. This growth should continue at least into 1992 when two franchises open new Fairbanks outlets—Taco Bell and Subway Sandwiches.

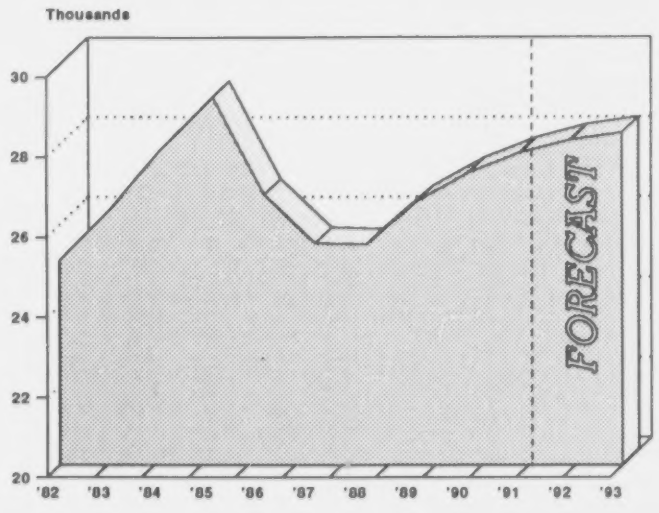
Who is supporting the growth in retail trade? Hundreds of new military personnel arrived at the bases near Fairbanks in the recent past, along with hundreds of their dependents. This adds up to a net increase of almost 4,000 new residents, not to mention an ever-increasing civilian population. Time will tell if the population is large enough and rich enough to support the current level of retail choice.

Another industry that benefits from population growth is services. Employing more people than any other in the private sector, it saw anemic growth in 1991. More of the same is forecast for the next two years. Why? Breaking down this large aggregation of employers provides the answer.

Some components of the services industry are growing. Hospitals, health care, and other personal service firms gain from population growth. They added employment in 1991, and should continue growing in this forecast period. Another component, hotels, is a beneficiary of the tourist and convention business. Both are on the rise in Fairbanks, as evidenced by a 14% increase in hotel

Figure • 1

Fairbanks North Star Borough
Annual Average Nonagricultural
Wage & Salary Employment 1982-1993



Source: Alaska Department of Labor, Research & Analysis Section.

Table • 1

Fairbanks North Star Borough Nonagricultural Wage & Salary Employment Forecast 1992-1993

	1990 Annual Average	1991 Annual Average	Percent Change 90-91	1992 Annual Average	Percent Change 91-92	1993 Annual Average	Percent Change 92-93
Total Nonag. Wage & Salary	27,300	27,800	1.8	28,125	1.2	28,300	0.6
Goods Producing	2,250	2,150	-4.4	2,150	0.0	2,100	-2.3
Mining	200	200	0.0	200	0.0	200	0.0
Construction	1,450	1,350	-6.9	1,350	0.0	1,300	-3.7
Manufacturing	600	600	0.0	600	0.0	600	0.0
Services Producing	25,050	25,600	2.2	25,975	1.5	26,200	0.9
Transportation	2,000	2,050	2.5	2,100	2.4	2,150	2.4
Trade	5,950	6,400	7.6	6,675	4.3	6,750	1.1
Wholesale Trade	800	800	0.0	825	3.1	825	0.0
Retail Trade	5,200	5,650	8.7	5,850	3.5	5,925	1.3
Finance-Ins. & Real Estate	900	1,000	11.1	1,000	0.0	1,025	2.5
Services & Misc.	6,200	6,250	0.8	6,300	0.8	6,400	1.6
Government	10,050	9,950	-1.0	9,900	-0.5	9,875	-0.3
Federal	3,150	3,200	1.6	3,200	0.0	3,200	0.0
State	4,250	3,950	-7.1	3,850	-2.5	3,775	-1.9
Local	2,700	2,800	3.7	2,850	1.8	2,900	1.8

Source: Alaska Department of Labor, Research & Analysis Section.

receipts in 1991. People in the tourist business are expecting the 50th anniversary celebration of the Alaska Highway to add to the number of tourists visiting the state in 1992. The Princess Hotel currently under construction in Fairbanks should boost hotel employment even further when it opens in May 1993.

Masking growth in the above sectors, however, are job losses in some other services firms. These include the engineering and management category, which benefits from healthy construction and business activity. With slowdowns in the oil industry, declines in construction, and belt-tightening in the business community, many business-related services firms will do well to hold their own the next two years.

A cautionary note should be added here. All services firms filed new employer statements with AKDOL in 1991, so it is impossible to declare that losses were exclusively due to a downturn. Some firms were reclassified into other industries. Overall, slow growth is predicted for this industry, with stagnant or declining portions negating some of the continued growth in health services and hotels.

Transportation is the only other industry projected to add jobs in Fairbanks over the next two years. At the Fairbanks International Airport landings that generated revenue were up 11% in 1991. When Air France drops their passenger service in Anchorage and moves their remaining cargo operations to Fairbanks in 1992, this count will continue to climb. MarkAir's recently certified maintenance facility and their expansion plans could also contribute to transportation job growth.

Increasing military presence in Fairbanks ends

For the past several years, Ft. Wainwright experienced increasing numbers of military and dependents, with a construction budget to match. Now that the 6th Light Infantry Division is in place, the army does not anticipate a change in troop strength during this forecast period. On the construction side, several small projects—mostly additions and renovations—remain to be done.

The picture is different at Eielson Air Force Base. There, military and dependents grew very slowly over the past three years (1,000 more people vs. 2,800 for Fort Wainwright). The next two years should see declines in the local air force population. Three reasons account for this change:

1) the loss of the 6th Strategic Reconnaisance Wing,

2) the early release program designed to trim the size of the Air Force, and

3) the addition of Cope Thunder, a training facility for pilots, will partially offset the above losses.

The ultimate reduction due to the early release program is not yet known, but the Air Force estimates that the net loss at Eielson from the above-mentioned changes will be 550 military and 700 dependents in 1992. On the plus side, several construction projects are slated for Eielson, including $13 million for Cope Thunder buildings and $60 million for a Section 801 housing project.

The increasing numbers of military stationed near Fairbanks, and the multi-million dollar projects built to accomodate them, has been a source of economic growth for Fairbanks. As the national defense picture changes, this bonanza could be at an end. For the next two years, though, no dramatic changes are predicted, and ongoing construction on the bases should help keep construction jobs from falling very much.

Government spending big determinant in Fairbanks

How the state spends its revenue makes a big difference to the Fairbanks economy. Some of last year's job loss in Fairbanks was a decline in firefighters from the peak 1990 season. The University of Alaska also had lower employment in 1991 than the previous year. The current outlook for the 1992 and 1993 state budgets mandate some downsizing of state government. The decline projected in this forecast period could change quite a bit depending on the final state budget.

On the federal side, no job growth is forecast. The addition of Cope Thunder at Eielson will add civilian jobs, but offsetting losses will occur when the 6th Strategic Reconnaisance Wing relocates to Nebraska. Unless rumors of another F-16 wing or other new additions come to fruition, total federal employment should remain constant.

Local government jobs are forecast to increase for the same reason they increased in the last two years—higher school enrollments necessitate more staff at the Fairbanks North Star Borough School District. Last year's enrollment topped 15,000, an all-time high. Several hundred additional students are anticipated in each of the next two years, even without a growing military population. Two new elementary schools will open during this forecast period, one in 1992 and one in 1993.

Construction treads water; mining looks bright

The above-mentioned school construction, a few small projects at Wainwright, and new ones at Eielson, are some of the public construction activity that will keep employment from falling, as will ongoing projects at the University and its rocket range. Highway projects will also help maintain employment levels. Alaska is receiving more federal highway funds than in the past, and some of this increase will show up in Fairbanks. The Alaska Department of Transportation estimates an 8.7% increase in spending over 1991 on several area road projects, and another, somewhat smaller, increase in 1993.

An industry that holds promise for future job growth is hard rock mining. Jobs stagnated at 200 on an annual average basis in 1990 and 1991. This is a small portion of Fairbanks' employment, but doesn't include miners who aren't covered by unemployment insurance. The Amax Gold Co. recently purchased a well-publicized gold deposit at Fort Knox northeast of Fairbanks. It is one of the largest known deposits in the United States, and would employ up to 220 miners if developed. Another potential gold mine is at Ester Dome just west of Fairbanks. American Copper & Nickel is currently exploring and evaluating the deposit. New mining jobs at Fort Knox or Ester Dome, however, are farther in the future than this forecast time frame. Mining employment should remain steady in 1992 and 1993.

Summary: 500 New Jobs Forecast for Fairbanks

The Fairbanks economy is forecast to grow by 500 new jobs in the next two years. Most of this growth will occur in 1992. No new jobs are expected to be created in the goods-producing industries (mining, construction and manufacturing).

Retail trade should continue to enjoy the highest job gains, with new Sears Roebuck and Fred Meyer stores already open and a Pace Warehouse store slated to open late in 1992. Eating and drinking establishments should also continue benefitting from population growth.

The services industry is forecast for a minute—less than 1%—gain in employment overall. That is because some gains anticipated in hotels, health care and other personal services will likely be negated by no or negative growth in business and engineering services. Growth in revenue landings at Fairbanks International Airport and MarkAir's expansion are two reasons why a small increase in transportation is forecast.

The big question marks in the next two years are possible gains or losses by the Army or Air Force, and the state operating and capital budget allocations for Fairbanks. Both sectors play a big part in the Fairbanks economy. Changes in either would impact not only state and federal jobs but spiral out to affect other sectors as well.

Jobs Rise, Unemployment Falls

by Holly Stinson

Alaska's economy began its usual climb out of the winter doldrums in February. The month saw a 3,000-job gain from January and an unemployment rate half a percentage point lower, at 11.1%. (See Table 4.) After peaking in January, the unemployment rate has begun dropping in February for five of the last six years. (See Figure 1.) While a rate of 11.1% is almost two percentage points higher than last February's, it is more in line with the average February rate. There were 4,400 more unemployed workers than the same month last year.

Seafood picks up in Gulf Coast

The Gulf Coast region had the largest drop in unemployment, led by Kodiak where the unemployment rate plummeted from 15.7% in January to 5.8% in February. The main reason for this drop was the turnaround in seafood processing employment. After a bleak fourth quarter 1991 and a slow January, canneries added workers in February to process cod and crab.

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A Cordova plant, normally closed for the season, is also processing cod this winter. Bad news for Cordova came when Chugach Alaska announced that their two plants, closed last summer, will not re-open. Instead, the canning equipment will be sold to a Vancouver firm and the buildings will sit empty. A third Cordova plant, now in Chapter 11 bankruptcy, may see new life during the upcoming salmon season if plans for its purchase by a newly-formed merger of Ketchikan and Seattle processors are realized.

The cod and crab seasons kept other Gulf Coast processors busy in February. Total new jobs compared to last February were small, but over-the-month gains from January were huge since January's level was unseasonably low. (See Table 2.)

The Gulf Coast region showed small but widespread gains in other industries, too. Only oil and gas, with a slight decline from last year, and state and federal government, with no job changes from last year, failed to contribute to this region's growth in February.

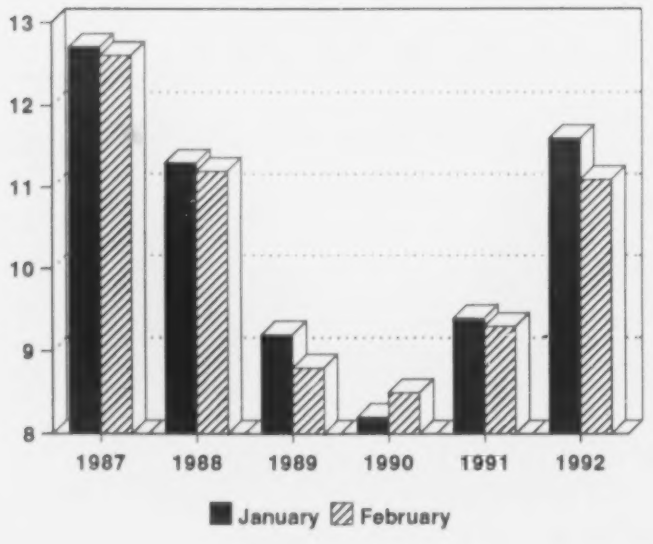
Perhaps the most encouraging news this region received in February concerned the future of Kodiak's processing plants and, in turn, Kodiak's economy. The U.S. Department of Commerce announced their approval of a plan to allocate most of the cod and pollock taken in the Gulf of Alaska to shore-based plants. The decision could be overturned or modified in a future court ruling, however.

Crab boom in Southwest

The Department of Commerce ruling also affects processors in the Southwest region, where shore-based plants may see an

Figure • 1

Unemployment Rate Falls in February



Source: Alaska Department of Labor, Research and Analysis Section.

increase in the pollock they process if their 35% allocation holds up. Strong growth in the fishing industry caused this region to lead Alaska's job growth in February, which it has done for more than a year. Not all of the gains are attributed to bottomfish, either. While the pollock catch in February was high, the huge numbers of opilio crab harvested made headlines. The catch of these two species in February was so high that demand far outstripped supply of refrigerated containers to ship product in. One Dutch Harbor processor reported handling three times more opilio crab this February than last.

Logging in Southeast shows signs of improvement

Alaska's other manufacturing industry, wood products, still registered job losses compared to the same period of the previous year, but the downturn appears to be slowing in Southeast.

Logging jobs were virtually the same this February as last—the 150 jobs lost in the lumber and wood products category can all be attributed to the closed sawmills in Klawock and Haines. February marks the first month since July 1990 that employment in this category hasn't been 10% or more below the previous year's level.

A court ruling in late February opened up areas of the Tongass National Forest for logging, which had been unavailable for six

Table • 1

Nonagricultural Wage and Salary Employment by Place of Work — Alaska & Municipality of Anchorage

Alaska

	p/ 2/92	r/ 1/92	Changes from: 2/91	1/92	2/91
Total Nonag. Wage & Salary	233,500	230,500	228,500	3,000	5,000
Goods-producing	33,900	32,600	33,900	1,300	0
Mining	10,600	10,700	11,500	-100	-900
Construction	7,800	7,900	7,700	-100	100
Manufacturing	15,500	14,000	14,700	1,500	800
Durable Goods	2,100	1,900	2,500	200	-400
Lumber & Wood Products	1,500	1,300	1,800	200	-300
Nondurable Goods	13,400	12,100	12,200	1,300	1,200
Seafood Processing	9,500	8,200	8,400	1,300	1,100
Pulp Mills	900	900	900	0	0
Service-producing	199,600	197,900	194,600	1,700	5,000
Transportation	20,900	20,600	19,700	300	1,200
Trucking & Warehousing	2,700	2,700	2,500	0	200
Water Transportation	1,200	1,100	1,200	100	0
Air Transportation	6,800	6,800	6,400	0	400
Communications	3,500	3,500	3,400	0	100
Trade	44,500	44,800	43,500	-300	1,000
Wholesale Trade	7,500	7,400	7,400	100	100
Retail Trade	37,000	37,400	36,100	-400	900
Gen. Merch. & Apparel	6,100	6,400	5,400	-300	700
Food Stores	6,900	6,900	6,700	0	200
Eating & Drinking Places	12,300	12,200	12,100	100	200
Finance-Ins. & Real Estate	10,500	10,500	10,300	0	200
Services & Misc.	49,700	49,300	49,500	400	200
Hotels & Lodging Places	4,300	4,300	4,300	0	0
Health Services	11,200	11,200	10,900	0	300
Government	74,000	72,700	71,600	1,300	2,400
Federal	18,500	18,500	17,900	0	600
State	22,300	21,900	21,800	400	500
Local	33,200	32,300	31,900	900	1,300

Municipality of Anchorage

	p/ 2/92	r/ 1/92	2/91	1/92	2/91
Total Nonag. Wage & Salary	109,900	109,400	108,300	500	1,600
Goods-producing	10,200	10,200	10,500	0	-300
Mining	3,500	3,600	3,900	-100	-400
Construction	4,500	4,400	4,400	100	100
Manufacturing	2,200	2,200	2,200	0	0
Service-producing	99,700	99,200	97,800	500	1,900
Transportation	11,600	11,300	10,900	300	700
Communications	2,300	2,300	2,100	0	200
Trade	24,800	25,100	24,900	-300	-100
Wholesale Trade	5,600	5,500	5,500	100	100
Retail Trade	19,200	19,600	19,400	-400	-200
Food Stores	3,400	3,300	3,200	100	200
Finance-Ins. & Real Estate	6,600	6,600	6,600	0	0
Services & Misc.	28,700	28,500	28,300	200	400
Hotels & Lodging Places	2,200	2,200	2,200	0	0
Health Services	6,000	6,000	5,800	0	200
Government	28,000	27,700	27,100	300	900
Federal	10,700	10,700	10,300	0	400
State	8,300	8,100	8,100	200	200
Local	9,000	8,900	8,700	100	300

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear here are definitionally different from those that appear in the Labor Force table.

Benchmark: March 1991
p/ denotes preliminary estimates
r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

Table • 2

Nonagricultural Wage and Salary Employment By Place of Work

Southeast Region

	p/ 2/92	r/ 1/92	Changes from: 2/91	1/92	2/91
Total Nonag. Wage & Salary	30,600	30,350	30,300	250	300
Goods-producing	4,350	4,300	4,350	50	0
Mining	300	350	350	-50	-50
Construction	850	900	850	-50	0
Manufacturing	3,200	3,050	3,150	150	50
Durable Goods	1,350	1,150	1,500	200	-150
Lumber & Woods Products	1,300	1,100	1,450	200	-150
Nondurable Goods	1,850	1,900	1,650	-50	200
Seafood Processing	750	800	600	-50	150
Pulp Mills	900	900	900	0	0
Service-producing	26,250	26,050	25,950	200	300
Transportation	2,200	2,100	2,300	100	-100
Trade	5,200	5,300	5,000	-100	200
Wholesale Trade	550	550	550	0	0
Retail Trade	4,650	4,750	4,450	-100	200
Finance-Ins. & Real Estate	1,100	1,100	1,100	0	0
Services & Misc.	5,200	5,150	5,100	50	100
Government	12,550	12,400	12,450	150	100
Federal	1,900	1,900	1,900	0	0
State	5,500	5,550	5,600	-50	-100
Local	5,150	4,950	4,950	200	200

Fairbanks North Star Borough

	p/ 2/92	r/ 1/92	Changes from: 2/91	1/92	2/91
Total Nonag. Wage & Salary	27,500	27,250	26,050	250	1,450
Goods-producing	1,650	1,700	1,500	-50	150
Mining	200	200	150	0	50
Construction	900	950	850	-50	50
Manufacturing	550	550	500	0	50
Service-producing	25,850	25,550	24,550	300	1,300
Transportation	2,000	2,000	1,800	0	200
Trucking & Warehousing	450	450	400	0	50
Air Transportation	500	500	450	0	50
Communication	300	300	300	0	0
Trade	6,250	6,250	5,700	0	550
Wholesale Trade	750	750	750	0	0
Retail Trade	5,500	5,500	4,950	0	550
Gen. Merch. & Apparel	1,000	1,000	550	0	450
Food Stores	750	800	800	-50	-50
Eating & Drinking Places	1,850	1,800	1,850	50	0
Finance-Ins. & Real Estate	1,000	1,000	900	0	100
Services & Misc.	6,000	5,950	6,000	50	0
Government	10,600	10,350	10,150	250	450
Federal	3,050	3,050	2,950	0	100
State	4,700	4,450	4,300	250	400
Local	2,850	2,850	2,900	0	-50

Anchorage-MatSu Region

	p/ 2/92	r/ 1/92	Changes from: 2/91	1/92	2/91
Total Nonag. Wage & Salary	117,600	117,100	115,800	500	1,800
Goods-producing	10,750	10,750	11,100	0	-350
Mining	3,700	3,750	4,050	-50	-350
Construction	4,750	4,700	4,750	50	0
Manufacturing	2,300	2,300	2,300	0	0
Service-producing	106,850	106,350	104,700	500	2,150
Transportation	12,350	12,100	11,600	250	750
Trade	26,700	27,050	26,800	-350	-100
Finance-Ins. & Real Estate	6,900	6,900	6,900	0	0
Service & Misc.	30,150	29,900	29,750	250	400
Government	30,750	30,400	29,650	350	1,100
Federal	10,750	10,800	10,400	-50	350
State	9,100	8,900	8,900	200	200
Local	10,900	10,700	10,350	200	550

Interior Region

	p/ 2/92	r/ 1/92	Changes from: 2/91	1/92	2/91
Total Nonag. Wage & Salary	31,250	31,000	29,450	250	1,800
Goods-producing	1,750	1,850	1,600	-100	150
Mining	300	300	250	0	50
Construction	900	1,000	850	-100	50
Manufacturing	550	550	500	0	50
Service-producing	29,500	29,150	27,850	350	1,650
Transportation	2,250	2,250	1,950	0	300
Trade	6,600	6,600	5,950	0	650
Finance-Ins. & Real Estate	1,050	1,050	1,000	0	50
Services & Misc.	6,450	6,400	6,500	50	-50
Government	13,150	12,850	12,450	300	700
Federal	3,700	3,700	3,550	0	150
State	5,000	4,750	4,550	250	450
Local	4,450	4,400	4,350	50	100

Table • 2

Nonagricultural Wage and Salary Employment By Place of Work

Northern Region

	p/ 2/92	r/ 1/92	Changes from: 2/91	1/92	2/91
Total Nonag. Wage & Salary	14,350	14,200	14,600	150	-250
Goods-producing	5,550	5,600	6,150	-50	-600
Mining	5,050	5,150	5,700	-100	-650
Service-producing	8,800	8,600	8,450	200	350
Government	4,600	4,450	4,350	150	250
Federal	250	250	250	0	0
State	350	350	350	0	0
Local	4,000	3,850	3,750	150	250

Gulf Coast Region

	p/ 2/92	r/ 1/92	Changes from: 2/91	1/92	2/91
Total Nonag. Wage & Salary	22,700	21,550	22,200	1,150	500
Goods-producing	5,750	4,950	5,650	800	100
Mining	1,100	1,200	1,150	-100	-50
Construction	800	800	750	0	50
Manufacturing	3,850	2,950	3,750	900	100
Seafood Processing	3,050	2,150	2,850	900	200
Service-producing	16,950	16,600	16,550	350	400
Transportation	1,900	1,900	1,850	0	50
Trade	3,800	3,750	3,650	50	150
Wholesale Trade	450	400	400	50	50
Retail Trade	3,350	3,350	3,250	0	100
Finance-Ins. & Real Estate	600	600	550	0	50
Services & Misc.	4,450	4,300	4,350	150	100
Government	6,200	6,050	6,150	150	50
Federal	500	450	500	50	0
State	1,800	1,800	1,800	0	0
Local	3,900	3,800	3,850	100	50

Southwest Region

	p/ 2/92	r/ 1/92	Changes from: 2/91	1/92	2/91
Total Nonag. Wage & Salary	17,200	16,600	16,200	600	1,000
Goods-producing	5,750	5,250	5,000	500	750
Seafood Processing	5,550	5,050	4,750	500	800
Service-producing	11,450	11,350	11,200	100	250
Government	6,650	6,450	6,450	200	200
Federal	1,350	1,350	1,250	0	100
State	550	500	550	50	0
Local	4,750	4,600	4,650	150	100

Municipality of Anchorage — Other

	p/ 2/92	r/ 1/92	Changes from: 2/91	1/92	2/91
Durable Goods	400	400	400	0	0
Nondurable Goods	1,800	1,800	1,800	0	0
Trucking & Warehousing	1,700	1,600	1,500	100	200
Water Transportation	300	300	200	0	100
Air Transportation	4,200	4,200	4,100	-100	200
Gen.Merch.& Apparel	3,000	3,100	2,800	-100	200
Food Stores	3,400	3,300	3,200	100	200

Notes: Prepared in part with funding from the Alaska State Employment Security Division.
Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear here are definitionally different from those that appear in the Labor Force table.

Benchmark: March 1991
p/ denotes preliminary estimates
r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

years pending the outcome of lawsuits. Alaska Pulp began putting on additional loggers in March to harvest this newly-available timber; they forecast a job increase of 300-400 as a result. With the spotted owl protection cutting into the Pacific Northwest's available timber, the Southeast Alaska timber industry may have better days ahead.

Southeast's other manufacturing sector, seafood processing, lost 50 jobs from January but showed a large over-the-year gain. Trade, services and government jobs also registered gains compared to February 1991.

Northern region sees losses in oil industry

The only area of the state which had fewer jobs this February than last was the Northern region. (See Figure 2.) The mining industry losses of 650 jobs compared to February 1991 were confined to the oil and gas sector. With the two operators of Prudhoe Bay committed to consolidation and contraction, we can expect to see negative over-the-year comparisons in this sector for a while to come. Most of the job losses so far, though, are showing up with the companies which provide services to the oil industry.

Bolstering the Northern region's economy was growth in the public sector. Local governments added staff on the education side and with other local departments. Even so, both Nome and the Northwest Arctic Borough saw February unemployment rates higher than they have been in at least eight years.

Most of Fairbanks' growth is in retail trade

Alaska's retail trade sector continued losing jobs from a holiday peak in December. Still, retail's growth over February 1991 was a healthy 2.4%. Much of this growth was in Fairbanks. In spite of layoffs at new retail stores in Fairbanks, the increase in retail jobs account for more than half of the state's total new retail jobs. Only one retail sector, food stores, did not register job growth over February 1991. The Fairbanks retail sector is not done expanding yet. Pace announced it will open a Fairbanks warehouse store this fall which will mean 170 more retail jobs.

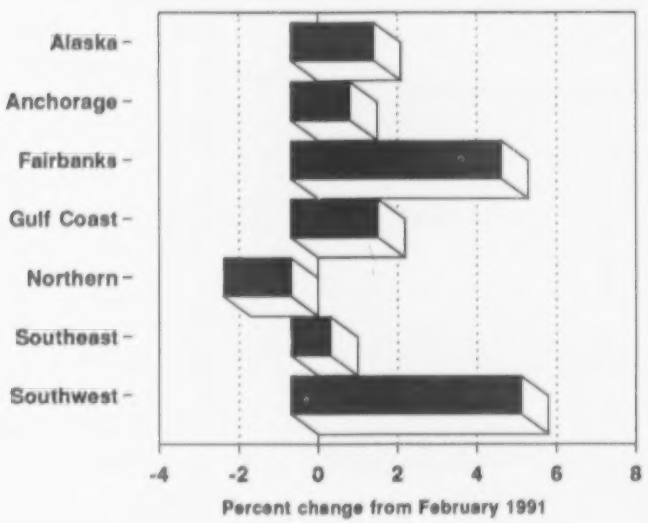
Except for local government, which had 50 fewer jobs this February than last, all industries in Fairbanks are showing some employment gain over 1991, however slight. The Borough's 5.6% growth rate, though, is overwhelmingly attributable to new retail jobs rather than broad-based gains in all economic sectors.

Anchorage's strong suit is transportation

None of Alaska's retail job increases showed up in Anchorage. In fact, a mixed picture exists in Anchorage's retail sector. Food and merchandise stores continued to see over-the-year job gains. The eating and drinking sector, along

Figure • 2

Southwest Leads Job Growth in February



Source: Alaska Department of Labor, Research and Analysis Section.

Table • 3

Alaska Hours and Earnings for Selected Industries

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 2/92	r/ 1/92	2/91	p/ 2/92	r/ 1/92	2/91	p/ 2/92	r/ 1/92	2/91
Mining	$1,199.41	$1,211.07	$1,185.24	51.9	50.8	49.8	$23.11	$23.84	$23.80
Construction	986.64	971.56	970.11	42.2	40.6	41.6	23.38	23.93	23.32
Manufacturing	553.52	404.08	525.39	57.9	37.8	49.8	9.56	10.69	10.55
Seafood Processing	505.45	307.62	468.76	65.9	38.5	57.8	7.67	7.99	8.11
Trans., Comm. & Utilities	641.93	621.95	584.12	34.2	33.1	34.0	18.77	18.79	17.18
Trade	358.28	342.54	350.28	32.9	31.6	31.5	10.89	10.84	11.12
Wholesale	599.22	581.20	584.51	39.5	37.4	40.2	15.17	15.54	14.54
Retail	310.63	296.46	303.96	31.6	30.5	29.8	9.83	9.72	10.20
Finance-Ins. & R.E	415.35	409.88	389.42	35.5	34.3	33.6	11.70	11.95	11.59

Notes:
p/ denotes preliminary estimates
r/ denotes revised estimates
Benchmark: March 1991

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research & Analysis Section.

with automotive businesses, continued to suffer losses. This points to a belt-tightening in discretionary spending.

Anchorage's strongest source of growth in the private sector remains the transportation industry. Of the 1200 new jobs created in Anchorage's private sector in 1991, 750 were in the transportation, communication and utilities category. This job growth is continuing in 1992, and is spead across all segments of the industry from air and water transportation to utilities and communications. The other source of fairly strong growth in Anchorage was in the public sector. Federal, state and local governments all showed over-the-year gains from February 1991.

Although the economy is still creating jobs, the growth rate continues to slow and the pressure of too many new entrants for the jobs available in the local labor markets continues to grow. This February Alaska had about twice as many unemployment claims on wages from other states than in February 1991. This is an indication of how many job seekers from other states are now in Alaska who are eligible for unemployment benefits. It does not include the unknown amount of job seekers who either did not have enough work history before moving to Alaska to draw unemployment benefits or have exhausted their benefits.

February marks seasonal upturn

Alaska's economy began climbing out of its winter lull in February. As employment increased by 3,000 over January, the unemployment rate fell from 11.6% to 11.1%. Kodiak's rate dropped sharply from 15.7% in January to 5.8% in February. Added seafood jobs to process cod and crab was the main reason for this decline. Other processors in the Gulf Coast region also added employees. The U.S. Department of Commerce's approval of a plan to allocate more of the bottomfish harvest to shore-based plants was welcome news in Kodiak and the Aleutians.

Another federal ruling, this one by the U.S. District Court, was welcome news to the logging industry in Southeast Alaska. Areas of the Tongass National Forest which had been off-limits to logging for six years were opened up by this court ruling. The losses in Southeast logging jobs employment could be coming to an end, in part because of these new areas available for harvest.

Fairbanks and Anchorage both showed job gains in almost every industry. Fairbanks' strong suit was retail trade, while Anchorage's was transportation. The two cities also continued to experience employment growth in the public sector.

The only region with fewer jobs this February than last was Northern. There, increases in the private and public sectors were not enough to offset an over-the-year loss in the oil industry of 650 jobs. This is not surprising since the oil portion of the Northern region's mining industry accounts for about half of all private sector jobs in the region.

Even though every area of the state (except Northern) has a larger employment base than a year earlier, and

even though the unemployment rate began dropping this February, all is not rosy in the labor market. Many of the job gains are in industries with part-time, temporary, and lower-paying work. Job losses are beginning to show up in industries, such as the oil industry, known for their high pay and good benefits. In addition, pressure continues on the labor market from external sources. Job seekers continue to head north from the Lower 48, and Alaska's economy is not growing fast enough to absorb them all.

Table • 4

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate %			Employment		
	p/ 2/92	r/ 1/92	2/91	p/ 2/92	r/ 1/92	2/91	p/ 2/92	r/ 1/92	2/91	p/ 2/92	r/ 1/92	2/91
Alaska Statewide	252,911	251,517	251,733	27,971	29,095	23,535	11.1	11.6	9.3	224,940	222,422	228,198
Anch.-MatSu Region	131,415	131,198	131,943	12,197	12,429	10,149	9.3	9.5	7.7	119,218	118,769	121,794
Munic. of Anchorage	114,463	114,404	115,162	9,187	9,426	7,696	8.0	8.2	6.7	105,276	104,978	107,466
MatSu Borough	16,952	16,794	16,781	3,010	3,003	2,453	17.8	17.9	14.6	13,942	13,791	14,328
Gulf Coast Region	29,470	28,911	29,014	4,728	5,310	3,723	16.0	18.4	12.8	24,742	23,601	25,291
Kenai Peninsula Borough	18,839	18,057	18,276	3,679	3,596	2,780	19.5	19.9	15.2	15,160	14,461	15,496
Kodiak Island Borough	6,130	6,534	6,232	353	1,024	327	5.8	15.7	5.2	5,777	5,510	5,905
Valdez-Cordova	4,501	4,320	4,506	696	690	616	15.5	16.0	13.7	3,805	3,630	3,890
Interior Region	35,845	35,691	34,716	4,923	4,953	4,481	13.7	13.9	12.9	30,922	30,738	30,235
Fairbanks North Star Bor.	30,846	30,724	29,876	4,034	4,072	3,660	13.1	13.3	12.3	26,812	26,652	26,216
Southeast Fairbanks	2,136	2,129	2,037	423	426	362	19.8	20.0	17.8	1,713	1,703	1,675
Yukon-Koyukuk	2,863	2,838	2,803	466	455	459	16.3	16.0	16.4	2,397	2,383	2,344
Northern Region	8,279	8,207	8,335	959	1,007	742	11.6	12.3	8.9	7,320	7,200	7,593
Nome	3,117	3,095	3,094	440	461	317	14.1	14.9	10.2	2,677	2,634	2,777
North Slope Borough	2,902	2,877	3,010	133	154	138	4.6	5.4	4.6	2,769	2,723	2,872
Northwest Arctic Borough	2,260	2,235	2,231	386	392	287	17.1	17.5	12.9	1,874	1,843	1,944
Southeast Region	33,566	33,569	33,867	4,159	4,383	3,667	12.4	13.1	10.8	29,407	29,186	30,200
Haines Borough	875	899	833	176	205	115	20.1	22.8	13.8	699	694	718
Juneau Borough	14,441	14,467	14,705	1,143	1,268	1,047	7.9	8.8	7.1	13,298	13,199	13,658
Ketchikan Gateway Bor.	6,452	6,516	6,468	1,002	1,107	872	15.5	17.0	13.5	5,450	5,409	5,596
Pr. of Wales-Outer Ketch.	2,667	2,737	2,627	498	585	400	18.7	21.4	15.2	2,169	2,152	2,227
Sitka Borough	3,851	3,741	3,882	387	303	325	10.0	8.1	8.4	3,464	3,438	3,557
Skagway-Yakutat-Angoon	1,755	1,743	1,795	401	399	404	22.8	22.9	22.5	1,354	1,344	1,391
Wrangell-Petersburg	3,525	3,466	3,557	552	516	504	15.7	14.9	14.2	2,973	2,950	3,053
Southwest Region	14,336	13,941	13,858	1,005	1,013	773	7.0	7.3	5.6	13,331	12,928	13,085
Aleutians East Borough	1,008	976	969	32	30	11	3.2	3.1	1.1	976	946	958
Aleutians West	2,781	2,698	2,731	47	47	47	1.7	1.7	1.7	2,734	2,651	2,684
Bethel	5,502	5,372	5,328	449	472	368	8.2	8.8	6.9	5,053	4,900	4,960
Bristol Bay Borough	566	562	550	51	62	44	9.0	11.0	8.0	515	500	506
Dillingham	2,647	2,544	2,509	233	203	140	8.8	8.0	5.6	2,414	2,341	2,369
Wade Hampton	1,832	1,789	1,771	193	199	163	10.5	11.1	9.2	1,639	1,590	1,608

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1991

- *Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.*
- *Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.*
- *The official definition of unemployment currently in place excludes anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.*
- *he employment numbers that appear above are definitionally different from those that appear in the Nonagricultural Wage & Salary Employment tables.*

Source: Alaska Department of Labor, Research & Analysis Section.

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Glennallen: Phone 822-3350

Kotzebue: Phone 442-3280

Nome: Phone 443-2626/2460

Tok: Phone 883-5629

Valdez: Phone 835-4910

Kenai: Phone 283-4304/4377/4319

Homer: Phone 235-7791

Kodiak: Phone 486-3105

Seward: Phone 224-5276

Juneau: Phone 790-4562

Petersburg: Phone 772-3791

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The mission of the Employment Security Division is to promote employment and economic stability by responding to the needs of employers and job seekers.

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